

## **REMARKS**

Applicants reply to the Office Action dated July 10, 2008, within three months. Claims 1-3, 6-7, 10-11, 13-14, 17-18 and 21 were pending in the application and the Examiner rejects claims 1-3, 6-7, 10-11, 13-14, 17-18 and 21. Applicants cancel claim 21 without prejudice to filing other applications having one or more claims with similar subject matter. Support for the amendments may be found in the originally-filed specification, claims, and figures. No new matter has been introduced by these amendments and new claim. Applicants assert that the application is in condition for allowance and reconsideration of the pending claims is requested.

**Applicants respectfully request that the Examiner enter the Revocation of Power of Attorney, Appointment of New Attorney and Change of Correspondence Address which was received by the U.S. Patent and Trademark Office on December 8, 2005, and re-filed by Applicants on June 13, 2008 and September 26, 2008.**

## **Interview**

Applicants thank the Examiner and the Primary Examiner for the telephone interview conducted on September 16, 2008. Applicants acknowledge the general accuracy of the interview summary provided on September 23, 2008. In addition to the comments in the interview summary, Applicants submit that the participants discussed the Horan and DeWolf references and explained how the claims are distinct from these references. Furthermore, the participants discussed the §101 and §112 rejections. Finally, Applicants suggested several claim amendments and the Examiners appeared to generally agree that the suggested amendments should render the claims allowable over the rejections.

## **Claim Rejections under 35 U.S.C. §101**

The Examiner rejects claims 1-3, 6-7 and 10 under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter. Applicants respectfully traverse this rejection. However, in order to promote compact prosecution, Applicants amend claim 1 to tie the method steps to a statutory class. For example, the method steps are now claimed as accomplished "using a computer." Claims 2-3, 6-7 and 10 depend from claim 1, so these dependent claims are cured based on the changes to independent claim 1.

**Claim Rejections under 35 U.S.C. §112, second paragraph**

The Examiner rejects claims 11, 13-14 and 17-18 under 35 U.S.C. 112, second paragraph as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. Applicants respectfully traverse this rejection. However, in order to promote compact prosecution, Applicants amend claim 11 to recite the structure, i.e. “a computer readable medium.” Claims 13-14, and 17-18 depend from claim 11, so these dependent claims are cured based on the changes to the independent claim 11.

**Claim Rejections under 35 U.S.C. §103(a)**

The Examiner rejects claims 1-3, 6-7, 10-11, 13-14, 17-18 and 21 as being unpatentable under 35 U.S.C. § 102(e) over Horan, US 2003/0225663 (“Horan”) in view of DeWolf *et al*, US 2002/0032626 (“DeWolf”) and Bergmann *et al*, US 2002/0143682 (“Bergmann”). Applicants respectfully traverse the rejection.

Horan generally discloses a portfolio management platform with multiple capabilities. The platform provides investment advisors, fund managers and investors with trading functionality and a set of portfolio management tools. The portfolio management tools included in the platform provide reconciliation, rebalancing and reallocation functions for various investment products. These tools are used in automating the execution of investment strategies that are based upon maintaining a pre-set mix of investment vehicles and risk exposures.

The Horan platform also includes an accounting and management system. This feature enables a variety of book keeping functions that are used to manage large investment portfolios. The accounting engine is capable of delivering multi-currency, multi-asset class, transaction processing and accounting. Furthermore, the platform enables calculating cost basis, including tracking multiple cost bases, using a variety of cost accounting methods including tax lot accounting which is a record keeping technique that traces the dates of purchase and sale, cost basis, and transaction size for each security in your portfolio, even if you make more than one trade in the same security.

Horan does not provide the ability to identify and categorize certain complex types of changes of ownership such as when a product is acquired through gift or inheritance or when various types of corporate restructuring create changes to the underlying securities. **While Horan may disclose initial categorization and basic cost basis accounting functions, it does**

not further categorize the reallocations. Significantly, Horan does not disclose or contemplate at least examining both the reallocation data that represents the result of an ownership change and a further categorization of the reallocation to enable automatic calculation of a more accurate cost basis change.

Bergmann generally discloses a system for incorporating the effect of taxes on the risk and expected return of asset classes in an investor portfolio. The system provides a process for developing an optimal, after-tax asset allocation strategy. More particularly, the system provides functionality to analyze the tax effect on asset classes so that financial planners can more accurately forecast after-tax total return and standard deviation. The Bergmann system also provides functionality to automatically calculate asset class data from a combination of data, from the standard and previously specified asset classes. For example, a custom asset class can be created by combining the characteristics of existing asset classes, "the return of the [custom asset class] is to be derived from 50% of the return to real estate, 25% of the return to small-cap stocks and 25% of the return to corporate bonds." (Para. 0011).

Bergmann does not provide the ability to identify and categorize certain complex types of changes of ownership such as when a product is acquired through gift or inheritance or when various types of corporate restructuring create changes to the underlying securities. Furthermore, Bergmann does not disclose the ability to acquire cost basis data and tax lot data from a product system, identifying at least a portion of the tax lot data that was affected by the reallocation and automatically reconciling the cost basis of the product system with the cost basis stored in a portfolio management system.

While Bergmann may disclose asset class categorization including tax treatment for the asset classes, it does not disclose re-categorizing transactions involving ownership changes to an asset in order to account for tax-treatment on a transaction by transaction basis. Significantly, Bergmann does not disclose or contemplate at least examining both the reallocation data and a further categorization of the reallocations to enable automatic calculation of a more accurate cost basis change. Furthermore, Bergmann does not disclose or contemplate at least acquiring tax lot data from the product system, identifying the portion of the tax lot involved in a transaction and automatically reconciling the cost basis in the portfolio management system with the cost basis in the product system.

DeWolf generally discloses a system for tracking the ownership of assets and maintaining an up-to-date status regarding certain attributes of the assets. The DeWolf system discloses a global asset information registry to assist asset owners and other interested parties (e.g. law enforcement) to track ownership rights information related to an asset. DeWolf provides for registering assets, performing record keeping for assets and transaction processing involving the assets.

DeWolf provides the ability to track ownership changes for certain complex types of changes of ownership such as when an asset's ownership is changed through gift, inheritance or divorce. Significantly, DeWolf does not disclose or contemplate **re-categorizing ownership changes of an asset in order to account for tax-treatment.** As such, DeWolf does not disclose or contemplate at least examining **both the reallocation data and a further categorization of the reallocations** to enable automatic calculation of a more accurate cost basis to enable more accurate tax-related calculations.

As such, none of the cited references, alone or in combination, disclose or contemplate at least ALL of the following unique combination of elements, as similarly recited by amended independent claims 1 and 11 (emphasis added):

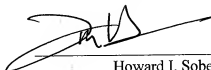
- **further categorizing**, using a computer, the reallocation into one of a plurality of additional categories **to establish an enhanced categorization of the reallocation**, wherein the reallocation was previously categorized, by the product system, into one of a plurality of categories, and **wherein the enhanced categorization is associated with a tax treatment of the reallocation;**
- automatically calculating, using the computer, an adjusted cost basis of the asset **based upon the asset, the reallocation of the ownership of the asset and the enhanced categorization to enable tax-related calculations based upon the enhanced categorization....**

Dependent claims 2-3, 6-7, 10, 13-14 and 17-18 variously depend from independent claims 1 and 11, so dependent claims 2-3, 6-7, 10, 13-14 and 17-18 are differentiated from the cited references for at least the same reasons as set forth above, as well as in view of their own respective features.

Applicants respectfully submit that the pending claims are in condition for allowance. No new matter is added in this Reply. Reconsideration of the application is thus requested. The Commissioner is hereby authorized to charge any fees, which may be required, or credit any overpayment, to **Deposit Account No. 192814**. Applicants invite the Examiner to telephone the undersigned, if the Examiner has any questions regarding this Reply or the present application in general.

Respectfully submitted,

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